



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

May 20, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF BEACHES AND HARBORS:
APPROVAL OF NEGOTIATED RENT
AMENDMENT NO. 9 TO LEASE NO. 6051
PARCEL 65R (UCLA BOATHOUSE)—MARINA DEL REY
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

This recommendation provides for an increase to the rent from the Parcel 65R leasehold (UCLA Boathouse) from \$13,759 to \$16,000. The increase results from a lease provision which requires rent adjustments every 10 years and is based on an outside appraisal.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed lease amendment is categorically exempt under the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Approve and authorize the Chair of the Board to sign the Amendment No. 9 to Lease No. 6051 pertaining to the readjustment of rents for a 10-year term ending February 28, 2017. The Amendment reflects a negotiated settlement based on an appraisal to increase the total annual rent from \$13,759.32 to \$16,000 per year with a Consumer Price Index (CPI) increase commencing March 1, 2012.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

All Marina del Rey leases provide for the periodic review of leasehold rents and liability insurance coverage to ensure that the rental rates payable to the County are maintained at current fair market levels and that the amount of general liability insurance is adequate to protect the County's interests. County rents are typically computed as the greater of either a fixed minimum rent or the total of varying percentages of the lessee's gross receipts from the leasehold's uses.

Based on an appraisal from an outside appraiser, we have negotiated an increase in annual minimum rent to \$16,000. Consistent with the appraisal, the minimum annual rent will be adjusted on March 1, 2012 to reflect any positive change in the CPI index. The annual rent cannot be less than \$16,000. Percentage rent rates shall remain the same.

The Chief Executive Office's Risk Management Branch finds the current insurance levels (\$3 million per occurrence and \$5 million aggregate) and lessee's self-insurance to be acceptable and recommends no changes to the current insurance language.

Implementation of Strategic Plan Goals

The recommended action will provide additional rent to the County in furtherance of the County Strategic Plan Goal of Fiscal Responsibility.

FISCAL IMPACT/FINANCING

Annual minimum rent from Parcel 65R will increase from the current rent of \$13,759.32 to \$16,000 effective March 1, 2007. All percentage rent rates will remain at their current levels. Effective March 1, 2012, the minimum annual rent will be adjusted to reflect any increase in the annual CPI between 2007 and 2012. If the annual CPI decreases, the annual rent will remain at \$16,000 through the end of the current renegotiation period—February 28, 2017. The lease also requires the lessee to pay retroactive rent in the approximate amount of \$2,614.08.

Operating Budget Impact

The recommended actions will increase the Department's operating revenue by an estimated \$3,000. This estimate was not included in the Department's FY 08-09 Proposed Budget, but will be addressed and included in the "Final Changes" phase of the County's FY 08-09 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Parcel 65R, commonly known as the UCLA Boathouse, contains approximately 2.1 acres of water and 0.61 acres of land and is improved with a 5,000 square foot boathouse building and approximately 1,444 square feet of modular buildings used as offices, classrooms, maintenance areas, and equipment storage space. The 60-year lease between the County and the lessee was executed in 1962.

The Small Craft Harbor Commission endorsed the recommendation that your Board approve the proposed Amendment. County Counsel has reviewed and approved Amendment No. 9 as to form.

ENVIRONMENTAL DOCUMENTATION

The proposed Lease Amendment No. 9 is categorically exempt under the provisions of the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services due to your approval of this Amendment.

CONCLUSION

Please have the Chair of the Board of Supervisors sign all copies of Amendment No. 9 and have the Executive Officer of the Board return the executed copies of the Amendment to the Department of Beaches and Harbors for distribution and one copy of the Board letter.

Respectfully submitted,



William T Fujioka
Chief Executive Officer

WTF:DL
JSE:SHK:mc

Attachments

c: County Counsel
Department of Beaches and Harbor

AMENDMENT NO. 9 TO LEASE NO. 6051

Parcel No. 65R--Marina del Rey

THIS AMENDMENT TO LEASE is made and entered into this 20TH
day of MAY, 2008 (the "Effective Date"),

BY AND BETWEEN

COUNTY OF LOS ANGELES,
hereinafter referred to as "County,"

AND

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA, hereinafter referred
to as "Lessee."

WITNESSETH:

WHEREAS, County and Lessee entered into Lease No. 6051 under the terms of which County leased to Lessee that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, now commonly known as Parcel 65R, which leasehold premises (the "Premises") are more particularly described in Exhibit "A" attached to and incorporated in said lease, as amended (the lease and all amendments are collectively hereafter referred to as the "Lease"); and

WHEREAS, Section 15 to said Lease provides that as of March 1, 1967, and as of March 1st of every tenth (10th) year thereafter (each such date is hereafter referred to as a "Rental Adjustment Date"), the rates for all categories of percentage rent and the minimum annual rent shall be readjusted by Lessee and County in accordance with the standards established in said Section 15; and

WHEREAS, Section 15 further provides that such readjustments shall be accomplished by agreement of the parties and in the event such agreement cannot be reached, the readjustments shall be settled by binding arbitration in the manner set forth at length in said Section 15; and

WHEREAS, Section 26 of the Lease provides that the amounts of casualty insurance required to be maintained by Lessee by said Section shall be subject to renegotiation at the same time and in the same manner as the amounts of rent to be adjusted under the Lease; and

WHEREAS, the parties hereto have determined that there shall be no adjustment to any category of percentage rental or to the amounts of casualty insurance, and have reached

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agreement with respect to the minimum annual rent for the ten (10) year period commencing on March 1, 2007 (the "2007 Rental Adjustment Date");

NOW, THEREFORE, in consideration of the mutual agreements, covenants and restrictions contained herein, the parties, and each of them, agree as follows:

1. **Square Foot Rental.** Commencing as of the 2007 Rental Adjustment Date, the first paragraph of Section 12 of the Lease is amended to read as follows:

"The minimum annual rent for the use of the Premises for each of the first five consecutive years of the 10-year period commencing with the 2007 Rental Adjustment Date shall be SIXTEEN THOUSAND DOLLARS (\$16,000). The minimum annual rent for the use of the Premises for the remaining five consecutive years of the readjustment period commencing March 1, 2012 shall be Sixteen Thousand Dollars (\$16,000) adjusted for any positive percentage change in the All Urban Consumers, All Items index of the Los Angeles, Riverside, Orange County Consumer Price Index (1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"). In order to determine the percentage change in the Index, the figure shown on the Index published for a date on or most recently before March 1, 2007 (the "Beginning Index") shall be subtracted from the Index published on or most recently before March 1, 2012. The difference shall be divided by the figure shown on the Beginning Index, and the result shall be the percentage change. If the percentage change in the Index is positive, it shall be multiplied by Sixteen Thousand Dollars (\$16,000), and the resultant figure shall be added to Sixteen Thousand Dollars (\$16,000), with the sum of these two figures being the minimum annual rent for the remaining five years commencing March 1, 2012. However, if there is no percentage change in the Index or if the percentage change in the Index is negative, the adjustment just described shall not be made, and the minimum annual rent shall remain fixed at Sixteen Thousand Dollars (\$16,000)."

2. **Retroactive Rent.** The amount owed by Lessee to County representing the difference between (i) minimum annual rent payable by Lessee under the rental rate in effect prior to the effectiveness of this Lease Amendment from the 2007 Rental Adjustment Date to the Effective Date and (ii) the minimum annual rent payable from the 2007 Rental Adjustment Date to the Effective Date based upon the rental adjustment set forth in this Lease Amendment shall be paid by the Lessee to the County within 30 days of the Effective Date.

3. Miscellaneous. Except as herein specifically amended, all terms, conditions and provisions of the Lease shall be and continue to remain in full force and effect and are unmodified, and each of the parties hereto reaffirms and reacknowledges its respective obligations under the Lease as amended hereby.

IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, caused this Amendment to Lease to be subscribed by the Chair of said Board and attested by the Executive Officer thereof, and the Lessee, by its duly authorized representative, has executed the same.

I hereby certify that pursuant to
Section 25103 of the Government Code, Dated: MAY 20, 2008
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: [Signature]
Deputy



COUNTY OF LOS ANGELES

By: [Signature]
Chair, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer--Clerk of the
Board of Supervisors

By: [Signature]
Deputy

LESSEE:

THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA

By: [Signature] 1/15/08

Its: DIRECTOR - UCLA REAL ESTATE

APPROVED AS TO FORM:
RAYMOND J. FORTNER, JR.
County Counsel

By: [Signature]
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

29 MAY 20 2008

[Signature]
SACHI A. HAMAI
EXECUTIVE OFFICER

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LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 65R

Parcel 901, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, recorded in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said county, and that portion of Parcel 900, in said county, as shown on said map, within the following described boundaries:

Commencing at a point in that certain 550 foot radius curve in the southeasterly boundary of said Parcel 900 distant southwest-erly thereon 156.00 feet from the northeasterly corner of said last mentioned parcel, a radial of said curve to said point bears South $60^{\circ}04'29''$ East; thence North $60^{\circ}04'29''$ West along said radial 93.00 feet to the true point of beginning; thence northeasterly along a straight line which bears at right angles to said radial 75.00 feet; thence southeasterly in a direct line to a point in said southeasterly boundary distant northeasterly thereon 25.00 feet from said radial; thence southwesterly along said southeasterly boundary 50.00 feet; thence westerly in a direct line to a point in the southwesterly prolongation of said straight line distant southwesterly thereon 75.00 feet from said true point of beginning; thence northeasterly along said southwesterly prolongation 75.00 feet to said true point of beginning.

Reserving and excepting therefrom unto the County of Los Angeles easements for sanitary sewer, fire access and harbor utility purposes over those portions thereof designated on said map to be reserved by said county for such purposes.

DESCRIPTION APPROVED

August 25, 1966

JOHN A. LAMBIE

County Engineer

By *Edgar S. Sakutski* Deputy